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## ACCOUNTING FOR CRIME IN THE NEOLIBERAL WORLD

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**Abstract** This paper examines the recent European public sector accounting reform which introduces controversial calculative practices for the recognition of criminal activities in national accounts. Namely, accounting for unlawful drug production and drug trafficking, and accounting for prostitution. Challenging the presumption of accounting neutrality, this study analyses this “accounting for crime” policy from a semantic and an epistemological view point as a cognitive system of creation of meaning and formation of knowledge. The analysis reveals the polyhedrality of neoliberalism, and the way it exerts its influence on society through its circuitous discursive process of social construction and transfiguration of reality which flows crosswise its multiple dimensions. At the macro level this policy operates as a ‘hegemonic project’: It bonds together the economic and political interests of different ‘historical blocs’, making the implementation of these practices a matter of ‘common sense’. At the micro level this policy functions as an ‘apparatus of governmentality’: It encapsulates the cognition of crime within a panoptic logic of economic rationality, transforming its outcome into a contributory value of a country’s prosperity. In this context, this study outlines the centrality of accounting practice as a pivotal tool of the neoliberal ideology: It permits extending the realm of calculative methodologies to the commodification of human weaknesses, addictions, and sexuality, in a rational process of accounting to balance the supply and demand of sex and drugs, between prostitutes and clients, pushers and addicts. **Keywords:** Government accounting; crime; accounting neutrality; neoliberalism and accounting; neoliberal discourse, hegemony, governmentality.

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## 1. INTRODUCTION

The importance of accounting in society is accentuated by its potential for quantifying many aspects of contemporary life. The emergence of new calculative practices is a matter worthy of analysis due to their aptitude for translating matters of quantification into issues of the social order (Miller, 2001, Vollmer, 2003).

Albeit accounting has an ‘aura of neutrality and objectivity’ (Funnel, 1998), its calculative practices are not an instrument of neutral depiction of reality. Accounting mediates the comprehension of the external reality through the use of ‘conventions’ (Diaz-Bone and Salais, 2011, 2012) which are ‘arbitrary, political and moral in nature’ (Chiapello, 2017, p. 57). In this sense, the calculative practices of accounting can be better explained as a cognitive tool through which some aspects of reality are mentally classified, understood and represented. As such they can conceal, as much as they disclose (Hines, 1988; Hansen and Muhlen-Schulte, 2012; Lehman et al., 2018). This implies that accounting has inevitably an axiological dimension, being a system, which gives value and visibility to some aspects of reality, whilst treating other aspects as irrelevant, and relegating them to the realm of invisibility (Sawabe, 2002).

This implies that accounting practices can be reasonably conceptualised as semantic and epistemological technologies of creation of meaning and formation of knowledge, with a special aptitude for the social construction of reality (Chua, 1986; Hopwood, 1987; Hines, 1988; Boland, 1989; Young, 2003; Chapman et al., 2009; Broadbent and Laughlin, 2013). This conceptualisation of accounting entails that the ‘social (and economic) reality does not exist independently of our collective representations of it’, because ‘the objects of accounting are part of an economic reality that is socially (i.e. intersubjectively) constructed and objectified by virtue of collective intentionality’ (Alexander and Archer, 2003, p. 6). This makes accounting particularly prone to be used as a powerful tool for the dissemination of ideologies (considered as a determined vision of society and of the world), and the fulfilment of specific political and economic interests. In line with these premises, this study examines the way accounting methodologies have been mobilised by governmental institutions to report the monetary outcome of criminal activities into national accounts, as a contributory value of a country’s prosperity. The calculative practices included in this new policy are accounting for illegal drug production and drug trafficking, and accounting for prostitution.

The main contribution of this work is its evaluation of the policy of “accounting for crime in national accounts” from a semantic and an epistemological viewpoint, to demonstrate its role as a cognitive apparatus for the formation of knowledge ‘aimed to extend the rationality of the market, the schemes of analysis it offers and the decision-making criteria it suggests, to domains which are not exclusively or not primarily economic’ (Foucault, 2007, p. 323). This particular focus offers an explanation of the underlying motivations leading to the inclusion of these activities, the role of accounting technologies in the reconstruction of crime according to neoliberal ideology (including its axiological implications), and the connections of economic and political interests which this social construction of the outcome of crime really serves. Our study is developed in the following manner:

Firstly, we examine the introduction of this policy within the context of the political and economic interests from which it emerged. Building on the notions of ‘deforming power’ of discourse (Thompson, 1984), and social construction of ‘common sense’ (Gramsci, 1971), we implement the theoretical framework of ‘hegemony’ to produce a Gramscian discourse analysis. This explains the rhetoric of the institutional bodies as a synthesis which joins together the interests of different ‘historical blocs’, rendering the introduction of this policy a matter of ‘common sense’ (Gramsci, 1971, 1995, 2011).

Secondly, we examine this reform’s computational procedures as a system of formation of knowledge. Considering the theorisations of calculative practices as ‘technologies of government’ (Rose and Miller, 1992, p. 183; Miller, 2001, p. 379), and accounting as a mechanism of ‘maintenance of a social order’ (Vollmer, 2003, p. 353), we adopt the theoretical archetype of

‘governmentality’ (Foucault, 2008) to produce a Foucauldian discourse analysis. This considers the ‘political dimension of accounting technology’ (Sawabe, 2002, p. 418), and explains the function played by the methodologies of “accounting for crime” as a dispositive of ‘conduct of conducts’ (Foucault, 2008). This is a social apparatus which conditions comprehension of reality into an all-encompassing economic logic of commodification of everything and anything, including human weaknesses, addictions, and sexuality, by isolating this process from any consideration for social equity, justice, and ethics (Hamann, 2009; Žižek, 2009; Stiglitz, 2010).

Thirdly, building on the concepts of ‘accounting as a language’ (Evans, 2010, p. 443), and ‘discursive nature of numbers’ (Alexander and Stenka, 2013, p. 3) we identify the intersection between Gramscian hegemony and Foucauldian ‘governmentality’ in the intertwining role of language and calculative practices in the construction of accounting reality (Hines, 1988; Morgan, 1988; Alexander and Stenka, 2013), as an ideological projection of the neoliberal ideology which they subsume (Springer, 2012).

The paper is organised in the following sections: Section 2 contains an elaboration of the research context: The neoliberal world. Section 3 provides a review of the relevant literature which challenges the presumption of accounting neutrality, and illustrates how calculative practices can become a powerful tool for the fulfilment of partisan interests, and the sedimentation of ideologies. Section 4 sets out the research method applied to this study, and illustrates how Gramscian discursive analysis, and Foucauldian discursive analysis are implemented. Section 5 introduces the policy of “accounting for crime”, and provides an elaboration of the calculative methodologies: Accounting for drug production and drug trafficking, and accounting for prostitution. Section 6 briefly summarises the theorizations of neoliberalism as a hegemonic project, as a ‘governmentality’, and as a policy or programme. This section is divided in two subsections. Section 6.1 explains the theoretical framework of hegemony, and applies it to the analysis of the rhetorical discourses of institutional organisations which justify the adoption of this reform. This is suitable to examine the advancement of the reform at the macro level: It shows the convergence of historical blocs of interests in bringing to the fore this “accounting for crime” policy. Section 6.2 explicates the theoretical archetype of ‘governmentality’, and applies it to a consideration of the computational methodologies of “accounting for crime”. This is appropriate to observe the practical implementation of neoliberalism at the micro-level: It reveals how calculative practices condition, through numerical discourses, the cognition of criminality as contributing value to a country’s prosperity. This section also illustrates the complementarities between the Gramscian and Foucauldian theorizations of neoliberalism, and the way these intersect one with the other in explaining the dialectical tensions of this new public accounting policy in-between hegemonic project and ‘governmentality’. Section 7 makes some general remarks from a social constructivism viewpoint. This paper argues that the way in which these calculative practices are currently configured does not *mirror* reality, but *transforms* it. This paper also suggests some possible amendments, and integrations aimed at improving these calculative practices on crime. Section 8, finally, provides a summary of the research, connecting the findings with earlier literature, presents the final conclusions, and offers some suggestions for future research.

## 2. RESEARCH CONTEXT: THE NEOLIBERAL WORLD

In the neoliberal world there is a distinct ideology of the intrinsic merits of the market place (Chomsky, 1999). One distinct feature of this intellectual stance is the belief in the price mechanism as a device which captures many things and assigns a monetary value to them (Harvey, 2007). Radcliffe (2013) observed that Friedrich von Hayek is the economist who is most widely associated with the belief in market forces:

‘Von Hayek emerged as the poster child for market fundamentalists when Margaret Thatcher, in a now mythicized incident, angrily waved his *The Constitution of Liberty* (1960) at a political event, saying “This is what we believe.”

Radcliffe (2013, p.56)

This perspective presents the market economy as a fact and as a natural order. The colonising impact of the free market proponents has been castigated as global predatory phenomenon by Giroux (2014):

'Since the 1970s, neoliberalism or free-market fundamentalism has become not only a much-vaunted ideology that now shapes all aspects of life in the United States but also a predatory global phenomenon that drives the practices and principles of the International Monetary Fund, the World Bank, and the World Trade Organisation, trans-national institutions which largely determine the economic policies of developing countries and the rules of international trade'.

Giroux (2014, p.1)

This trend was evident in advanced economies, in former communist regimes and in developing countries (Evans and Sewell, 2013, p.35).

A distinct feature of neoliberal proponents is their hostility towards the State as a means of meeting citizens' desires. Neoliberals advocate policymaking based on the premises that (1) competition is fundamentally a beneficial policy option, and that (2) publicly owned services are always less efficient than private sector providers. The dominance of this neoliberal thinking presents citizens with the ideological belief that the world operates best according to market principles (Radcliffe, 2013, p.55). These neoliberal ideas of marketisation have spread to education, health care and social care within contemporary society (Schmidt and Thatcher, 2013, p.17). However, this perspective focuses on market efficiency, and wealth creation, while ignoring issues of ethics and justice (Hamann, 2009).

While Giroux (op. cit.) observed the importance of the US in the advance of neoliberal thinking, neoliberal ideas and policies had considerable significance in the UK in the late 20th century. This development is attributed to Margaret Thatcher and her associates, who described members of the Conservative Party as 'wets' if they did not identify with her strongly held views. Opponents of neoliberalism (Self, 1993) and proponents of neoliberalism (Minford, 1991) both concurred on the acceptance of neoliberal thinking in government policymaking. Other commentators of the Thatcher era also expressed concerns over the size of the State and the need for markets in all areas of life (Barry, 1991; Hughes, 1994) as further justification for neoliberal policies.

The dominance has caused distress amongst advocates of more progressive policies with an enhanced role for the State. An example of this is Lipsky (2010, p.215) who despaired at the inability of opponents of neoliberal thinking to counter the rise and rise of the New Right as the dominant force, not just in policy making but in scholarly works, too. This failure to repel the relentless march of conservative thinking covers phenomena which caused major shocks to the advanced economies. This included the early 21<sup>st</sup> century dotcom bubble collapse of huge companies. It also applied to the global banking crisis of 2008. Indeed the 21<sup>st</sup> century has seen an embracing of the ideas of reducing public expenditure, increasing liberalization, and imposing 'market discipline' through austerity programmes (Blyth, 2013, *passim*). These austerity programmes have been so deep they have challenged the existence of many core services which had previously been supplied by the State (Lapsley and Skaerbek, 2012).

The practical implications of neoliberal ideas influencing reforms in public services have been captured in the seminal articles by Hood (1991, 1995) on New Public Management (NPM). While there is some international variation in the adoption of NPM practices within the Anglo-Saxon world where we find the most ardent advocates of these policies (Pollitt and Bouckaert, 2011), the significance of NPM ideas persist (Hyndman and Lapsley, 2016). NPM ideas support marketisation in preference to the State provision of public services. NPM is a management doctrine. It challenges the influence of the myriad of professionals within public services. Its reference points are private sector practices, especially 'big business'. Fundamentally, NPM practitioners exhibit a results-driven fixation with the quantification of all aspects of life in the pursuit of efficiency. NPM ideas have been described as embedded in contemporary society (Lapsley, 2008). In this belief in quantification, accountants and accounting have thrived and achieved a new prominence (Hood, 1995). There is an NPM movement which advises governments, government agencies and public

sector bodies on the attractions of NPM ideas. Key proponents of these ideas are auditors (Power, 1997) and especially management consultants (Lapsley, 2009).

The advocacy of NPM represents a neoliberal world view in which primacy is accorded to measurement and quantification. The expectation of this world view is that everything can be quantified and has a monetary value.

### 3. LITERATURE: THE CONTESTED NATURE OF ACCOUNTING NEUTRALITY

In this section, we identify key contributions to the critical literature on financial reporting which reinforce the stance of this paper. This is not exhaustive – it is indicative of the nature of the problem of presenting financial reports as uncontested. The presumption that accounting practices offer a neutral perspective on financial matters has been challenged for a considerable time. Since the seminal papers by Hines (1988) and Morgan (1988) which observed how accountants produced their own reality by their construction of financial numbers, there have been numerous critiques of the debatable nature of accounting neutrality. Some papers have shown how accounting can be militarised in order to support the nationalist interests of the State during periods of war, or to justify the establishment of a single dominant party (Rein, 1967, pp. 12,139; Singer, 1982, pp. 43-60; Bailey, 1990; Forrester, 1993, pp. 230-231; Chiba, 1996; Lehman and Okcabol, 2005).

Further works have the merit to explicitly condemn the ‘accounting’s aura of neutrality and objectivity’ as a false myth (Funnel, 1998, p. 438). These illustrate important historical cases where behind the apparent elegance and precision of accounting as a mere instrument for recording facts in a dispassionate manner, without the interference of moral judgments (Francis, 1990, pp. 6-7; Gallhofer and Haslam, 1991; Miller and O’Leary, 1993, pp. 190; Lovell, 1995), it was possible to ‘discount the subjective as something necessarily inferior to the products of the rational logic of accounting. This has also been a convenient means of isolating accounting from ethical questioning’ (Funnel, 1998, p. 438), whilst its computational techniques were de facto being deployed to facilitate the invisible accomplishment of crimes against humanity, through the aseptic reporting of seized assets, dispossessed properties, and inscription of other items to be either kept for production, or disposed of as ‘no longer perceived as useful or needed’ (Rosenberg, 1983, p. 12). These “items” were identified with reference numbers so that their individual humanity could be concealed (Rosenberg, 1983), and their productivity referred to as if it was the useful life of a machine (Gilbert, 1986). In this manner, accounting actively worked as a gear within the bureaucratic system, functioning to make a crime against humanity invisible, and anaesthetise preparers and users of the reports from the moral connotation of their activities (Francis, 1990; Bauman, 1991; Funnel, 1998). Other works provided evidence of accounting being used in order to support the ideological views of capitalism with the objective of ensuring the maintenance of the capitalist system (Cooper and Sherer, 1984; Gallhofer and Haslam, 1991; Lovell, 1995), and favour the dominant interests of the owners of the means of production at the disadvantage of the labourers (Tinker, 1980; Tinker and Neimark, 1987; Armstrong, 1991; Tinker et al., 1991).

Some studies have demonstrated how top management may use corporate financial reports to ‘tell their story’ and present a partisan view of corporate performance (Amernic, 1992). There is also evidence of different corporate reporting disclosures being mobilised as ideological interventions in the support of alternative political interests (Arnold and Hammond, 1994), and evidence of the presentation of financial performance of corporations as unproblematic by silencing injustices (Chwastiak and Young, 2003), or concealing corporate projects’ contradictions under ethical and social labels (Spence, 2009), by muzzling stakeholders’ interests when these do not match with those of share-holders (Francis, 1990), or by minimising the effects stemming from the unscrupulous pursuit of economic growth on the natural environment (Hines, 1989, p. 65; Maunders and Burritt, 1991; Milne, 1991; Collison, 1996, p. 326; Andrew and Cortese, 2013).

According to Arrington and Francis (1993) there is an apparent culture within accounting practice which is permeated by neoliberal ideology. More recent studies corroborate this view, giving

evidence of the deployment of accounting to shape public policies in the pursuit of specific goals (see for instance Merino et al. 2010; Zhang et al., 2012; Andrew and Cortese, 2013).

In the context of crime, a number of studies have provided evidence of how accounting has been used for political purposes. For instance, Lehman and Okcabol (2005) gave evidence of the way the public's perception of crime in society is managed through the implementation of crime statistics which are 'underreported in some decades and highlighted in others, to assure the public safety (in the former) or to shock them (in the later)' (Lehman and Okcabol, 2005, p. 615). Lehman et al. (2018) also demonstrated how the 'neoliberal process of privatization' was used to reconstruct crime in a manner suitable to maintain or operationalise race and class discriminations, resulting in the criminalisation of poverty (O'Neil, 2016, p. 91).

The literature above further confirms the main thesis of this paper that 'power operates as a field of knowledge serving some purpose' (Peck, 2010; Springer, 2012, p. 134), and 'knowledge is for someone...and any notion of disinterested objectivity is illusory' (Cox, 2002; Springer, 2012, p. 134). This motivated the investigation of the role of accounting (conceptualised as a semantic and an epistemological system of creation of meaning and formation of knowledge) in shaping the outcome of criminal activities into a contributory value of a country's prosperity. Consistently, this paper's objective is to enhance the understanding of the underlying motivations leading to the inclusion of these activities, the role of accounting technologies in the reconstruction of crime according to neoliberal ideology (including its axiological implications), and the connections of economic and political interests which this social construction of accounting really serves.

#### 4. RESEARCH METHOD

Building on the notion of the 'deforming power' of discourse (Thompson, 1984), this paper undertook a Gramscian discourse analysis of the rhetorical discourses of institutional organisations which justify the adoption of this reform. Additionally, considering the 'discursive nature of numbers' (Alexander and Stenka, 2013), this study carried out a Foucauldian discourse analysis of the computational methodologies (and its corresponding representation in financial reports).

Gramscian hegemony theorises the social construction of the 'common sense' by 'historical blocs' through the use of language and rhetorical resources (Gramsci, 1971, 1995, 2011). This implementation of Gramscian discourse analysis considers that the 'neoliberal programme draws its social power from the political and economic power of those whose interests it expresses' (Bourdieu, 1998). In this light, the discursive analysis identifies both the 'historical blocs' and their corresponding political and economic interests, and the way they constructed 'common sense' within public discourses by interconnecting 'nodes of interests' (Gramsci, 1971; Laclau and Mouffe, 1985). In this manner, documentary evidence is provided which demonstrates that at the macro level this "accounting for crime" policy works as a hegemonic project: It bonds together the economic and political interests of different 'historical blocs', making the implementation of these practices a matter of 'common sense'. The theoretical framework of hegemony and the Gramscian discourse analysis used in this paper are developed more extensively below in Subsection 6.1.

Foucault theorises 'neoliberal governmentality' as a system of social construction of epistemological mechanisms necessary to channel the individual cognition of reality within a panoptic logic of economic rationality in a manner which is suitable to the pursuit of specific political and economic interests (in Foucauldian parlance these are called 'apparatuses of conduct of conducts'). The use of Foucauldian discourse analysis implies, therefore, examining the calculative methodologies for the computation of the outcome of crime (and its corresponding representation in financial reports) through this theoretical lens to explain 'the effects of the conventions incorporated into accounting' (Chiapello, 2017, p. 57). In this light, 8

in the discourse analysis the focus is on the way the policy of "accounting for crime" fulfils the objectives of 'framing and education', i.e. it 'describe[s] the world from a specific standpoint and teaches users to see the world from that perspective', and in the 'construction of the world', i.e. it brings 'things into existence that would not exist without them' (Chiapello, 2017, p. 57). This

allows the identification of the epistemological role of accounting in displacing the cognition of criminality from the space of ethics and justice, which consider its social implications for the individual and for the society, into the orbit of economic rationality, which is primarily concerned with capital accumulation (Foucault, 1983, and 2008; Hamann, 2009). In this manner, documentary evidence is provided which demonstrates that at the micro level this “accounting for crime” policy works as a dispositive of ‘conduct of conducts’ (Foucault, 2008): It allows the social construction of increases in the value of GDP (Hines, 1988; Morgan, 1988; Alexander and Stenka, 2013) by transfiguring the socially negative outcome of criminal activity into a contributory value of a country’s prosperity. The theoretical framework of ‘governmentality’ and the Foucauldian discourse analysis are developed more extensively below in Subsection 6.2.

Finally, in our analysis, we identify the intersection between Gramscian hegemony and Foucauldian ‘governmentality’ in the intertwining role of language and calculative practices for the construction of accounting reality (Hines, 1988; Morgan, 1988; Alexander and Stenka, 2013), as an ideological projection of the neoliberal ideology which they subsume (Springer, 2012). These intersections are illustrated in more detail below in Subsection 6.2.

Our analytical approach is inspired by recent studies in the field of sociology (Springer, 2012; Pellizzoni and Ylönen 2012; Joseph, 2014; and Kreps, 2016) which suggest that a cross-theoretical analysis of neoliberal discourse allows a more comprehensive understanding of the polyhedrality of neoliberalism. This literature depicts neoliberalism as a circuitous discursive process of social-transformation and reconstruction of reality, which flow transversely over its many facets, as an entanglement of its multiple dimensions: as hegemonic project, as a ‘governmentality’, and as a policy or programme.

This methodology allows the explanation of the underlying motivations leading to the inclusion of these activities, the role of accounting technologies in the reconstruction of crime according to the neoliberal ideology (including its axiological implications), and the connections of economic and political interests which this social construction of the outcome of crime really serves.

For the purpose of the discourse analysis, this study considered and examined documents as records of fact and expressions of intent (Robson, 2002, p.348). The data sources of the extracts included in this paper are cited in the corresponding analytical sections and depicted in the references section in the following manner: European Council (EC, 2012); European Central Bank (ECB, 2012); Directorate-General of the European Commission – Eurostat (Eurostat, 2014); Organisation for Economic Co-operation and Development (OECD, 2002 and OECD, 2015); Office for National Statistics (ONS, 2012 and ONS, 2014); Home Office (HO, 2004; HO, 2006; HO, 2012), National Accounts Institute and National Bank of Belgium (NAI and NBB, 2014); National Institute of Statistics - Istituto Nazionale di Statistica (ISTAT, 2017); Speroni, D. (2014).

## 5 ACCOUNTING FOR CRIME: SUMMARY OF CALCULATIVE METHODOLOGIES

### 5.1 ACCOUNTING FOR DRUG PRODUCTION, AND DRUG DEALING

This section provides an illustration of the calculative methodologies of accounting for crime. The following sections build on this to develop an in-depth discourse analysis of this policy.

Following the National Accounts concepts, the economic contribution of illegal drug production and drug trafficking to GDP must be classified on whether it is imported or manufactured within the state, and then classified according to the Production Method – GDP(P), the Expenditure Method – GDP(E), and the Income Method – GDP(I). The GDP(P) is computed by calculating the output produced, excluding the output used in intermediate stages of production. The GDP (I) is computed by summing up the income generated by those involved in the production of the national output. Finally, the GDP(E) is calculated by determining the expenditure of the final buyers of the output. The three methods allow, therefore the capture of different elements of a nation’s economy



but should lead to equal results. These different estimation approaches in relation to unlawful drug production and drug trafficking are illustrated below.

**Table 1 – Classification of drugs’ production across GDP approaches**

GDP(P)	GDP(E)	GDP(I)
<ul style="list-style-type: none"> <li>• Assume only drug produced domestically is cannabis - which is not retailed but sold by producer as domestic market output</li> <li>• Production costs equal IC</li> <li>• Output allocated to pharmaceutical industry and product (SIC/CPA: 21)</li> <li>• IC allocated to agriculture and electricity (CPA: 01 and 35)</li> <li>• Assume that IC of agriculture is not in HHFCE - but recorded correctly within output</li> <li>• Assume that IC of electricity is already in HHFCE - therefore needs to be deducted</li> </ul>	<ul style="list-style-type: none"> <li>• Drugs are consumed only by households as final consumption expenditure</li> <li>• Assumed there is no GFCF or exports of UK produced drugs</li> <li>• HHFCE is equal to retail sales of the drugs</li> <li>• Classified to pharmaceutical products (CPA: 21)</li> <li>• IC of electricity by cannabis production is assumed to already be recorded in the HHFCE data source - hence is deducted from HHFCE</li> </ul>	<ul style="list-style-type: none"> <li>• Drug dealers assumed to have no labour costs</li> <li>• Classified to the household sector</li> <li>• Change in output less intermediate consumption = Change in Mixed Income</li> <li>• Classified to the pharmaceutical industry (SIC: 21)</li> </ul>

Source: ONS (2014, p. 4).

**Table 2 – Classification of drugs’ trafficking across GDP approaches**

GDP(P)	GDP(E)	GDP(I)
<ul style="list-style-type: none"> <li>• Resellers of imported drugs are margin traders</li> <li>• Product is imported and sold on without changing it</li> <li>• Domestic output from sale of imported drugs = margin between import and retail price</li> <li>• Import does not count as intermediate consumption (IC)</li> <li>• Output classified to retail industry (SIC: 47)</li> <li>• Trade margins classified to pharmaceutical products (CPA: 21)</li> </ul>	<ul style="list-style-type: none"> <li>• Drugs are consumed only by households as final consumption expenditure</li> <li>• HHFCE is equal to retail sales of the drugs</li> <li>• Imports of the drugs are classified as imports of goods</li> <li>• HHFCE and Imports classified to pharmaceutical products (CPA: 21)</li> </ul>	<ul style="list-style-type: none"> <li>• Drug dealers assumed to have no labour costs</li> <li>• Classified to the household sector</li> <li>• Change in output = Change in Mixed Income</li> <li>• Classified to the retail industry (SIC: 47)</li> </ul>

Source: ONS, 2014, p. 3.

The import or production of drugs must be balanced with its Household Final Consumption Expenditure – HHFCE, Intermediate Consumption – IC, or with the Gross Fixed Capital Formation – GFCF (ONS 2014, pp. 3-4).

**Table 3 – Balancing produced illegal drugs in tabular form**

Product	Supply component	Value of increase	Demand component	Value of increase
Pharmaceuticals	Domestic output	Sales of UK-grown cannabis	HHFCE	Sales of UK-grown cannabis
	Total supply of pharmaceuticals	Sales of UK-grown cannabis	Total demand for pharmaceuticals	Sales of UK-grown cannabis
Agricultural products	(None)	0	Intermediate consumption	Value of seeds and planting stock used in cannabis production
	Total supply of agricultural products	0	Total demand for agricultural products	Value of seeds and planting stock used in cannabis production
Electricity	(None)	0	Intermediate consumption	Value of electricity used in cannabis production
			HHFCE	Value of electricity used in cannabis production multiplied by -1
	Total supply of electricity	0	Total demand of electricity	0

Source: ONS (2014, p. 7).

**Table 4 – Balancing imported illegal drugs in tabular form**

Product	Supply component	Value of increase	Demand component	Value of increase
Pharmaceuticals	Domestic output	Margin on resold imported drugs	HHFCE	Sales of imported drugs
	Imports	Imports of drugs		
	Total supply	Sales of imported drugs	Total demand	Sales of imported drugs

Source: ONS (2014, p. 5)

The estimation method for drugs is based on the demand side. There is an assumption that estimates made in relation to imported drugs are consumed by households. For instance, the ONS uses the following formulas for the computation of volume and price of drug related transactions to be accounted for in the national accounts (ONS, 2014, p. 9 and p. 15):

$$V = \text{NoU} \times \text{AAC}$$

$$\text{CP} = V \times P$$

Where:

V = Volume of drugs transactions by type of drugs (cannabis, cocaine, heroin, ecstasy, amphetamines, etc.), estimated on the basis of the crime survey of the Office for National Statistics, scaled up to the entire national population (ONS, 2012).

NoU = Number of users, estimated using the Home Office data from the National Set of Surveys 2006 (HO, 2006).

AAC = Average amount consumed per person purity adjusted, i.e. which takes into consideration the amount of psychoactive substance in the consumed amount, estimated by using data from the National Set of Surveys 2006 (HO, 2006).

P = Indexed Street (retail) Price of the substance, computed on the basis of the data obtained from the United Nations World Report on Drugs 2012 (UN, 2012) according to the formula:

$(\text{IU} \times \text{IPRS}) / \text{IPYS}$ , where IU is the index of the number of users, IPRS is the index of the street price (of the uncut drug) and IPYS is the index of the purity of drugs sold (on the street).

CV = Current price of the sold volume.

It is evident from the above procedures that the quantification and valuation of drugs produced or trafficked is not precise, and, indeed, is highly subjective.

## 5.2 ACCOUNTING FOR PROSTITUTION

According to the documents of several national states in relation to accounting for prostitution, the estimates and supply should be compiled from the best of data available, per type of service (clubs/bars, escort service, massage/sauna, shop window, room rentals, street prostitution, etc.) and on the basis of the estimated number of clients, number of services bought by clients, prices charged to the customer, and the status of residency/non-residency of both prostitute and customer (ONS, 2014; and NAI, and NBB, 2014).

Consistently with the methodologies for the inclusion of illicit drugs revenues, the contribution of prostitution to GDP has to be classified according to the Production Method – GDP(P), the Expenditure Method – GDP(E), and the Income Method – GDP(I). In particular, as in the case of drug production and drug trafficking, the GDP(P) is computed by calculating the output produced while excluding the output used up in intermediate stages of production. The GDP (I) is computed by summing up the incomes generated by those involved in the production of national output. Finally, the GDP(E) is calculated by determining the expenditure of the final buyers of the output. The three methods allow, therefore the capture of different elements of a nation's economy but should lead to equal results. Consistently with the above, in relation to the sale of prostitution services, these approaches are illustrated below.

GDP(P)	GDP(E)	GDP(I)
<ul style="list-style-type: none"> <li>• Assume no international trade in prostitution</li> <li>• Domestic output = Total sales</li> <li>• IC made up of: <ul style="list-style-type: none"> <li>• rental of buildings to house activities</li> <li>• condoms</li> <li>• working clothes</li> </ul> </li> <li>• All IC items assumed to already be measured in HHFCE</li> <li>• Output classified to other personal services (SIC/CPA: 96)</li> </ul>	<ul style="list-style-type: none"> <li>• Assume no international trade in prostitution</li> <li>• As a result HHFCE increases by the value of prostitution sales</li> <li>• Prostitution classified to other personal services (CPA: 96)</li> <li>• HHFCE decreases by the values of IC for the three products shown in GDP(P)</li> </ul>	<ul style="list-style-type: none"> <li>• Assume not Compensation of Employees associated with prostitution</li> <li>• Assume only household units engage in providing prostitution services</li> <li>• Hence, output less IC = mixed income</li> <li>• Mixed income classified to other personal services (SIC: 96)</li> </ul>

Source: ONS (2014, p. 5).

In this case, as in the case above, the revenues from prostitution have to be balanced with its Household Final Consumption Expenditure – HHFCE, and Intermediate Consumption – IC (ONS 2014, p. 6).

The estimation method for prostitution is made on the supply side. Some Member States give a detailed breakdown of prostitution types (Street prostitution, clubs/bars sexual services, escort services, massage/sauna services, shop window, room rentals, etc.). The following methodologies applied should be suitable to compute: Output (monetised value of sexual services sold), and intermediate consumption, for instance, clothes used for prostitution, condoms, rental services of the venues of prostitution. For example, the formula used by the ONS is the following (ONS, 2014, p. 9 and p. 15):

$$\text{OUT} = \text{NAP} \times \text{NCEPW} \times \text{ACPC}$$

Where:

OUT = Revenues from sexual services sold.

NAP = Number of Active Prostitutes, based on the estimates contained in the Dixon (2004), mapping of off-street commercial sex across London, and in HO (2004), estimates of on-street commercial sex in London, assuming that the number of prostitutes has the same pattern through time as the 16+ male population the basis of the Census.

NCEPW = Number of client episodes per week, based on the surveys of Smekens and Verbruggen (2005), and Kazemier et al. (2012)

ACPC = Average charge per client based on data collected from Punternet, and Kazemier et al. (2012)

**Table 6 – Balancing prostitution in tabular form**

Product	Supply component	Value of increase	Demand component	Value of increase
Personal services	Domestic output	Sales of prostitution services	HHFCE	Sales of prostitution services
	Total supply of personal services	Sales of prostitution services	Total demand for personal services product	Sales of prostitution services
Rental services, clothing, rubber goods	(None)	0	Intermediate consumption	Value consumed by prostitution activity
			HHFCE	Value consumed by prostitution activity multiplied by -1
	Total supply of rental services, clothing, rubber goods	0	Total demand for services, clothing, rubber goods	Sales of prostitution services

Yet again, this reveals significant subjective assumptions and estimations of almost heroic proportions. It is evident that these estimation procedures fall short of the neutrality claimed for accounting

## 6. THE DIALECTICAL TENSIONS OF THE “ACCOUNTING FOR CRIME” POLICY IN-BETWEEN NEOLIBERAL HEGEMONY AND ‘GOVERNMENTALITY’

In Section 2, the context of this research was described by adopting the expression “neoliberal world” to characterize the complexity of neoliberalism as ‘both an “out there” and “in here” phenomenon whose effects are necessarily variegated and uneven’ (Peck and Tickell, 2002, p. 383), and are derived from a ‘plural set of ideas emanating from both everywhere and nowhere within diffused loci of power’ (Springer, 2012, p.136; Plehwe and Walpen, 2006). This is consistent with the continuing and repeated advocacy of theoretical pluralism (see, for example, Parker and Guthrie, 2009).

This all-encompassing phenomenon can be more comprehensively understood, studied, and explained as a polyhedral concept which exerts its influence on society across its three dimensions: 1. as a hegemonic project, 2. as a ‘governmentality’, and 3. as a policy or programme. These in turn lead to a specific (diminished) form of the state (Ward and England, 2007; Springer, 2012; Pellizzoni and Ylönen 2012; Joseph, 2014; and Kreps, 2016).

As an ideological hegemonic project, neoliberalism is theorised as a system of power through which an ‘historical bloc’ of interests uses the rhetorical force of institutional figures to shape ‘common sense’ and shared beliefs in such a manner that its neoliberal agenda is perceived as socially acceptable (Pellizzoni and Ylönen 2012; Gramsci, 2011). In this manner, the ‘hegemonic bloc’ can dominate the others through induced consent (Muller, 2011; Pellizzoni and Ylönen 2012; Springer, 2012).

As a ‘governmentality’ project, neoliberalism is conceptualised as a system of power through which the conduct of individuals is influenced by deploying normative and calculative apparatuses. These condition individuals to self-regulate according to market-based principles and economic rationality for the fulfilment of capitalistic plans (Foucault, 2008; Hamann, 2009).

As a ‘policy or programme’, neoliberalism is intended as a legislative approach which seeks to use the power of the state in order to establish norms and rules for the creation and maintenance of a viable market. This results in minimising the scope of the state, by reducing it to a mere system of support of the market, which is instead perceived as the most efficient regulator of economic and social relations (Hamann, 2009; Springer, 2012).

These three dimensions of neoliberalism are kept together, in a unique multifaced vision which entails a market-inspired commodification process which extends deep into all facets of contemporary life. For instance, an early paper in this area noted how systems developers constructed fields of knowledge to which they laid claim as professionals and which they used to commodify their expertise (Elkjaer et al, 1991). More recently, the ideology of consumer capitalism has underpinned a commodification of many sporting activities (Jackson, 2015). Indeed, the topic of making citizens happier through self-improvement is another example of how the market can commodify well intentioned activities and reduce them to assigned monetary values (Hellstrom and Lapsley, 2016).

The economist Sraffa (1960) defined this phenomenon as ‘the production of commodities by means of commodities’, meaning that not only raw materials and machinery, but also any means of producing them, including human effort, skills, and services, can be sold, and bought (Roncaglia, 2009; Zamboni, 2018). This implies that anything can become a commodity, as long as it can be traded to obtain a profit. Therefore, the process of commodification, as a practical employment of neoliberalism, consists in the implementation of economic rationality to the exchange of anything, to quantify in monetary terms whether its corresponding trading leads to a profit (Roncaglia, 2009; Carter, 2014).

“Accounting for crime in national accounts”, is yet another application of neoliberalism, insofar as it extends the realm of calculative methodologies to the commodification of human weaknesses, addictions, and sexuality in a rational logic of accounting for balancing supply and demand. This focus on the managed economy by the application of calculative practices is an example of pure NPM (Hood, 1991, 1995).

To explain how neoliberal ideology is penetrating all aspects of society, to the point of being perceived as *the natural order* (Radcliffe, 2013), we undertake a cross-theoretical analysis (Larner, 2003; Ward and England, 2007, and Jessop, 2007). Specifically, we combine a Gramscian discourse analysis and a Foucauldian discourse analysis to review this “accounting for crime” from a semiotic and an epistemological viewpoint. This allows the capture of its role as a cognitive apparatus for conditioning the formation of knowledge in a panoptic logic of economic rationality and commodification of everything and anything.

In adopting this approach, we identify the complementarities between the Gramscian and Foucauldian theorizations of neoliberalism, and the way these intersect one with the other in explaining the dialectical tensions of this new public accounting policy in-between the hegemonic project and ‘governmentality’. This methodology reveals the way neoliberalism exerts its influence

on society through its circuitous discursive process of social construction and transfiguration of reality which flows crosswise its multiple dimensions, as a hegemonic project, as a governmentality, and as a policy or programme (Springer, 2012).

## 6.1 THE POLICY OF 'ACCOUNTING FOR CRIME' AS A SYNTHESIS WHICH BRINGS TOGETHER THE INTERESTS OF DIFFERENT 'HISTORICAL BLOCS'

This section examines the adoption of this policy at the macro level as a hegemonic project, whereby convergent groups of economic and political interests bring to the fore these calculative practices. Firstly, we illustrate the theory of hegemony with specific reference to the concept of 'common sense', and then there is an analysis of data.

### 6.1.1 GRAMSCI'S THEORETICAL FRAMEWORK OF HEGEMONY

According to Gramsci, hegemony is a system of power relations which is achieved through a great degree of social consensus, in contrast to authoritarian control which is based purely on coercion. In this setting, institutions of civil society (such as the educational system, academia, the media, governmental organisations, and supra-national bodies) play an important role in the affirmation of an ideology which is then absorbed by the masses. Using their position of credibility and authoritativeness, these institutions grant legitimacy to the ideology through the affirmation of its leadership over other alternative lines of thought (Chomsky, 1992). For this reason, hegemony represents a more refined form of mass control compared to authoritarianism. Under the latter, the state exerts authority exclusively by coercing the behaviour and decisions of society in both the public and the private spheres. Under hegemony instead, institutions are used as a sophisticated system of consent engineering (Gramsci, 1971, 1995, 2011).

In this manner, the masses will conform to the political and economic interests which were pushed forward, having assimilated their moral and intellectual superiority over others, because of the persuasiveness and legitimation granted to them by the apparatus of institutional figures (Herman and Chomsky, 1988). The apparatus of the state or of a supranational institution is then used to incorporate this pre-established dominant view into laws and policies which make it legally enforceable. In this manner the dominant thought also becomes applicable in the absence of consent, through the power of the state in its institutional role of enforcer of the law, and protector of the pre-established social order (Gramsci, 1971, 1995, 2011).

Specifically, Gramsci (2011) explains that those who dominate institutions secure their power by recording their definitions of reality over those they dominate, i.e. by using ideology to establish what is socially acceptable. According to Thompson (1984) they can do so by using language as 'an important mechanism that serves to sustain the relations of domination' (p. 131). More specifically, Ricoeur (1986, 1997) emphasizes the existence of a dialectic relationship between language and ideology. On one side, the language is used to illustrate and explain the concepts of an ideology. On the other side, the concepts of the ideology penetrate within the language, altering the meanings of specific words. In this manner, the language facilitates the expression of different perspectives of truth, and creates different perceptions of reality, expressed in terms of the ideology it subsumes.

In line with this rationale, Archel (2007) explained that the dominant class secures power by recording definitions of reality in the mind of the dominated class with the use of rhetorical resources within the discourse. Language and discourse exert what is defined as a 'deforming power' on every understanding of reality, which can only be interpreted and assimilated through the conceptual categories created by the discourse within the framework of an ideology (Thompson, 1984; Ricoeur, 1986, 1997, Archel, 2007). For instance, if we change the lexicon and symbols of a language, part of the categories within which concepts are mentally classified and understood, may change their reciprocal relation, and the relationship between causes and effects can be created, reversed, turned upside down, or eliminated (Lakoff and Johnson, 1986; Archel, 2007; Evans,

2010). In this manner, ‘the hegemonic ideology penetrates within daily activities, and shapes what the mass thinks to be natural, by modifying its common sense and beliefs’ (Laclau y Mouffe, 1985 in Archel, 2007, p. 47; McLellan, 1995; Ferguson et al., 2009).

Accounting in its very nature is a language which, like any other, changes its lexicon over time, to reflect new conceptual categories which are developed in the existing historical context (Mills, 1989; Walton, 1991; Parker, 1994; Potter, 1999; Evans, 2010). As such it is not immune to this dialectic relationship with ideology (Ferguson et al., 2009; Evans, 2010).

On the one side, ‘accounting knowledge is policed in a variety of subtle ways ranging from self-censorship, the “gatekeeping” role of journal editors/reviewers, ideological leanings of journals/newspapers, sponsorship of research, and the career aspirations of scholars’ (Mitchell et al. 2001, p. 527). For instance, a considerable body of literature gives evidence of how the institutional apparatus filters the access of new ideas and frameworks, influencing the functions and language of accounting (Thompson, 1963; Briloff, 1981; Zeff, 1982; Chomsky, 1989; instead, institutions are used as a sophisticated system of consent engineering (Gramsci, 1971, 1995, 2011). In this manner, the masses will conform to the political and economic interests which were pushed forward, having assimilated their moral and intellectual superiority over others, because of the persuasiveness and legitimation granted to them by the apparatus of institutional figures (Herman and Chomsky, 1988). The apparatus of the state or of a supranational institution is then used to incorporate this pre-established dominant view into laws and policies which make it legally enforceable. In this manner the dominant thought also becomes applicable in the absence of consent, through the power of the state in its institutional role of enforcer of the law, and protector of the pre-established social order (Gramsci, 1971, 1995, 2011).

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institutional apparatus filters the access of new ideas and frameworks, influencing the functions and language of accounting (Thompson, 1963; Briloff, 1981; Zeff, 1982; Chomsky, 1989; Herman and Chomsky, 1994; Said, 1994; Crossen, 1996; Richardson, 1989; Thompson, 1990; Tinker and Puxty, 1995; Tinker, 2001; Goddard, 2002; Rodrigues and Craig, 2009).

On the other side, the language of accounting is mobilised to achieve the changing objectives of the dominant class, from the pursuit of the national interests of the state or of the dominant party (Rein, 1967, pp. 12,139; Singer, 1982, pp. 43-60; Bailey, 1990; Forrester, 1993, pp. 230-231; Chiba, 1996; Lehman and Okcabol, 2005; Yee, 2009; Zhang et al., 2012), to the facilitation of the invisible accomplishment of crimes, free from moral questioning (Francis, 1990; Bauman, 1991; Funnel, 1998), to the creation of ethical veneers under which corporate projects obfuscate their true inner contradictions (Spence, 2009), to the support of an ideological view of society and economy (Cooper and Sherer, 1984; Gallhofer and Haslam, 1991; Lovell, 1995) and to the reallocation of economic resources, social wealth, jobs, and power (Tinker, 1980; Lehman and Tinker, 1987; Tinker and Neimark, 1987; Armstrong, 1991; Tinker et al., 1991, Sikka, 1992; Baker, 1995; Goddard, 2005; Alawattage and Wickramasinghe, 2008).

### 6.1.2 THE ACCOUNTING FOR CRIME POLICY AS A MATTER OF COMMON SENSE

The official estimates of national accounts are objects of interest to the leading class of every country, because important economic and political benefits depend on the size of a country's Gross Domestic Product (GDP) and its derivatives, namely Gross National Income (GNI), and Gross National Product (GNP). For instance: the size of voting powers in the IMF and in the WB, the access to their correspondingly low-interest loans, the participation in the world's G7, G10, and G22 meetings, the determination of the contributions and benefits to be paid to or received from the EU, and the exercise of influence and power among its members (Leech 2002; Bloomberg and Lawrence, 2006; Browne et al., 2016 Lipsky, 2015; Browne et al., 2016).

Official measures of the national accounts can also lead to political issues, for instance when the ratios of total taxation or total debt to GDP increase. The official estimates of the national accounts are widely used as a proxy for the government success in achieving national economic growth, and more in general as a measure of a country's prosperity, well-being, and standard of living. For instance, the European Fiscal Stability Treaty, requires that the 'signatory Member States commit themselves to implement in their legislation a fiscal rule which requires that the general government budget be balanced or in surplus...and does not exceed a deficit (in structural terms) of 0.5% of GDP. If the government debt ratio is significantly below 60% of GDP and risks to long-term fiscal sustainability are low, the medium-term objective can be set as low as a structural deficit of at most 1% of GDP' (ECB, 2012, pp.101-102; EC, 2012).

As a result of this treaty, heavily indebted countries in the EU (Portugal, Ireland, Italy, Greece, and Spain) have been forced to implement severe cuts to their public expenditure, and painful austerity measures leading to a significant loss of consensus among the citizens (Brazys and Regan, 2016). This was a particular concern for the exponents of the leading class of indebted countries whose political power was eroded by the loss of popularity stemming from welfare reductions. In his capacity as the Prime Minister of Italy, and in an attempt to regain consensus, Silvio Berlusconi supported the inclusion of the shadow economy in the GDP, to deliver the country from the financial strangulation of the "bureaucrats of Brussels" who imposed unnecessary cuts to the detriment of Italian citizens while disregarding the real strength of the Italian economy

'I propose that the GDP be computed by adding the shadow economy to the official economy. In this manner we will go below 100% in the Debt to GDP ratio. In other words, we get closer to 93% which is the mean of the other Euro states'.

(Silvio Berlusconi as reported in Speroni, 2014 – Authors' translation)



Official estimates of national accounts became a matter of controversy also because EU membership fees depend on the size of the GNI. Therefore, the leading class of countries where prostitution and drugs are legal had an economic and political interest in lobbying the EU Commission to establish a common ground for GNI calculations and to avoid paying more (in proportion) than those states where these activities are illegal (OECD, 2015).

This created within the EU what Gramsci (1971) calls ‘historical blocs’, i.e. groups of economic and political interests: The bloc of indebted countries with a significant shadow economy was interested in redefining GDP/GNI to bypass Fiscal Treaty clauses. The bloc of countries where drugs sales and prostitution are legal was also interested in changing GDP/GNI calculations to avoid higher EU membership fees.

Hegemony theory explains that, to become hegemonic, an ‘historical bloc’ must possess economic, political, and social leadership (Ransome, 1992; Plehwe et al., 2005, Mirowski and Plehwe, 2009) and be able to use the position of credibility and authoritativeness of institutional organisations to grant legitimacy to its project, through the domination of public discourse. This allows achieving hegemony by conquering consent for the fulfilment of a project. To become hegemonic, the discourse must bring together ‘nodes of interests’ (Laclau and Mouffe, 1985) across different blocs so that it can be perceived that it ‘makes sense either in factual or in principled terms, or both – it corresponds to reality, it is the best achievable one, it is right and beneficial to everybody’ (Pellizzoni and Ylönen, 2012, p. 3). In other words, the hegemonic bloc must use discourse to *shape common sense and beliefs* (Gramsci, 1971, 1995, 2011; Laclau y Mouffe, 1985).

In this light, the institutional statement of the OECD, the countries’ forum which acts on behalf of, and in collaboration with, its member governments to promote free market policies, can be regarded as a hegemonic discourse. This explains the introduction of this “accounting for crime” policy as a synthesis which brings together the interests of different ‘historical blocs’ (Gramsci, 1971, 1995, 2011).

‘If GDP was based on a “narrow” view of production that measured only legal activities, it would not be possible to compare GDP across countries, as GDP levels would be dependent upon (differences in) national law. All other things being equal, countries where prostitution and drugs production were legal, for example, would have a higher GDP than countries where these were illegal; even if prostitution and drugs activity was the same in both economies...Contributions to international organisations, such as the European Union, are based on levels of Gross National Income (GNI), a concept close to GDP. Clearly, one needs to establish a level playing field, in the sense that all countries contribute to international organisations on the basis of their income generating capacity and their capacity to pay’.

(OECD, 2015, p. 14)

A comparative review of the outcome of this policy adoption reveals that the highest benefits of this policy adoption went to the ‘historical bloc’ and the country whose political leader most strongly advocated it. As reported in the table below, with the inclusion of criminal activities, Spain, Portugal, Ireland, and Italy increased their GDP significantly, with Italy having the highest increase: 1% of GDP, an amount equivalent to approximately €19 Billion (ISTAT, 2017).

This is consistent with hegemony theory, insofar as it confirms that *common sense and consent* are created by interconnecting ‘nodes of interests’ (Laclau and Mouffe, 1985) to make a project socially accepted as a matter which is beneficial to everybody, whilst it is aimed primarily to serve the political and economic interests of the ‘hegemonic bloc’ (Gramsci, 1971, 1995, 2011).

## 6.2 THE INTERSECTIONS BETWEEN HEGEMONY AND GOVERNMENTALITY IN SHAPING THE COGNITION OF CRIME AS A CONTRIBUTORY VALUE TO A COUNTRY’S PROSPERITY

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This subsection examines the advancement of neoliberalism at the micro level, whereby the apparatus of calculative practices is introduced to form the knowledge of crime as a contributing value to a country's prosperity. We firstly illustrate the theory of 'governmentality' with specific reference to the axiological implications of neoliberalism, and then show the intersections between 'governmentality' and hegemony in the way they use language and calculative practices in shaping the cognition of the outcome of crime.

#### 6.2.1 FOUCAULT'S THEORETICAL FRAMEWORK OF GOVERNMENTALITY: THE AXIOLOGICAL IMPLICATIONS OF NEOLIBERALISM AND THE AMORALITY OF CRIME

'Governmentality' is a form of power which implies the construction of social mechanisms suitable for conditioning individuals to autonomously conduct their life according to market-based principles, by becoming competitive agents, and 'entrepreneurs of themselves' in the constant pursuit of their capital growth. This implies the ethological understanding of how human rationality works, and how it can be conditioned to lead human behaviour to 'subjectification' towards the fulfilment of the neoliberal agenda, rather than alternative ones (Hamann, 2009).

Neoliberal 'governmentality' exerts its power by building social tools which allow channelling the individual rationality involved in comprehending reality, and making decisions, into a panoptic logic of economic interest. In this way, there is a programming of behavioural responses through the individual's self-regulation. For instance, genetic traits such as beauty, intelligence, strength, emotionality, and sexuality are thereby seen as 'human capital' upon which the individual can invest through the fulfilment of nutritional, educational, physical and emotional needs. This leads to the increase of accumulated 'human capital' which will then produce its outputs. In this manner, the wage earned by the individual in the market, is not interpreted as the result of the sale of services in the form of commodity, but as income generated from accumulated 'human capital' (Foucault, 2008).

This approach leads to the construction of the self, as a *Homo Economicus*, i.e. as an allegedly free individual able of independent self-determination and self-regulation, and inherently gifted with the skills to assess costs and benefits of his own decisions. In this paradigm, the individual is not only an 'entrepreneur of himself', he is also his own capital itself, and his own means of generation of income. Additionally, through these produced earnings, the individual is the ultimate manufacturer of his own satisfaction and fulfilment, achieved in the form of consumption (Foucault, 2008; Hamann, 2009).

This reconstruction of the self bears axiological implications, insofar as it asserts that an individual not only has the ability, but also the sole moral responsibility of taking care of his/her own sustenance and advancement. It follows that failure to achieve this goal, for instance by falling into poverty, is the individual's fault, as the result of mismanagement of his/her own life, and failing to increase his/her own human capital (Brown, 2005).

Under this logic 'exploitation, domination, and every other form of social inequality is rendered invisible as social phenomena to the extent that each individual's social condition is judged as nothing other than the effect of his or her own choices and investments' (Hamann, 2009, p. 7). This is more coldly explained with the words of Friedrich von Hayek, the Austrian economist who fervently supported neoliberalism:

'I have spent more than 10 years searching intensively for the meaning of the term social justice. I have failed in this or, rather, I have come to the conclusion that the term has no meaning for a society of free people (...) Social does not refer to a definable ideal, but today only serves to take away the meaning of the regulations of free society, to which we all have to be grateful for our affluence. Even if some people will be horrified to hear it, I have to say that I cannot think socially, because I do not understand what that means.' (Hayek, 1979, in Kurz, 2001: 752)

In line with this ideology, the comprehension of criminality escapes from the field of ethics, and precipitates into the ground of economic rationality. Thereby, the criminal act is the result of a rational economic calculation which quantifies the likelihood and magnitude of the potential benefits obtainable from an unlawful conduct, versus the risks of incurring possible adverse costs resulting from relevant sanctions (Foucault, 2008; Hamann, 2009).

In this light, by replacing ethical judgments with economic evaluations, neoliberal ‘governmentality’ configures the ‘amorality’ of crime. This concept (not to be confused with immorality) effectively means that criminality becomes completely devoid of any ethical connotations: an activity which is neither moral nor immoral, because it is outside the realm of ethics, encapsulated within a domain of pure economic rationality which excludes, disregards, and is completely indifferent towards any moral considerations. This implies that in the spectrum of the gravity of a conduct what differentiates a crime from another is neither the damage it unfairly inflicts on others, nor the injustice it perpetrates on society. On the contrary, the seriousness of the crime is merely the magnitude of the costs it may lead to face in the form of punishments, should the risks of committing an illicit conduct be miscalculated, and the corresponding organization of illegal activities be mismanaged to the point of being sanctioned (Hamann, 2009).

This forges the individual as an atom of self-interest whose only commandment is the amoral pursuit of the economic self-maintenance and self-development, regardless of the broader social implications of the means used to achieve them. This leads to the estrangement of the self from the other as neighbour (Žižek, 2009; Whitehead and Crawshaw, 2014), and damages the fragile texture of social solidarity, according to which each individual is not a secluded monad who finds self-fulfilment in isolation, but is bound by problems common to humanity to collaborate with others in the pursuit of joint solutions for the achievement of better social conditions and universal welfare (Durkheim, 2008; Stiglitz, 2010; Whitehead and Crawshaw, 2014). This vision of neoliberalism as a source of social fragmentation in atoms of self-interests is more cynically expressed with the words of Green (1995).

‘Let fall those who must fall. Such is the jungle of economic life. A jungle of savage beasts, where he who can kill the one next to him, kills him’.

(Green, 1995: 155, in Stark, 2018).

## 6.2.2 THE EPISTEMOLOGICAL FUNCTIONS OF THE ACCOUNTING FOR CRIME POLICY: KNOWLEDGE IS FOR SOMEONE, SERVING A PURPOSE

As illustrated above, ‘governmentality’ implies the *necessity* of establishing social apparatuses for conditioning individual behaviours and cognitions. This inescapable requirement validates the hypothesis that a universal market-based behaviour is not an inherent trait of human conduct, and a matter of the natural order. On the contrary, it must be positively built, sustained, and reinforced over time (Foucault, 2008). Therefore, ‘while neoliberal governmentality seeks to minimize state power as much as possible, it also silently recognizes that the market can only be kept viable through active governmental and legal support’ (Hamann, 2009, p. 42). This allows creating policies to apply ‘methods such as auditing, examination, standardisation, benchmarking and peer review across a diversity of areas from education and welfare to town planning and community resilience to international aid and development programmes’ (Joseph, 2014, p. 7). This circumstance determines behavioural responses according to a neoliberal agenda throughout *all* spheres of social life. In Foucauldian parlance, this method is known as the ‘conduct of conducts.’ In this sense, neoliberal ‘governmentality’ can be regarded as the art of making market-based conducts and commodification of all aspects of human life ‘appear natural or a matter of common sense’ (Hamann, 2009, p. 53). They appear as the result of a natural inborn behaviour, yet they are artificially induced (Foucault, 1988). Consistently with the framework of neoliberal ‘governmentality’, the institutional discourse of European institutions downplays the social significance of “accounting for crime”, and the introduction of this new policy is portrayed as a change of the natural order.

‘The last twenty years have shown significant changes to the way the global and domestic economies operate...The methodological changes introduced...bring up to date the earlier regulations of the ESA [European System of Accounts] ... and should therefore be seen as a necessary adaptation to a changing world’.

(Eurostat, 2014, p. 8)

In this light, Foucauldian ‘governmentality’ and Gramscian hegemony intersect each other, since they both ‘stress the role of political rationalities in providing cognitive and normative maps that allow political actors to develop strategies for realizing goals’ (Pellizzoni and Ylönen, 2012, p. 4). In this sense, calculative practices are to ‘governmentality’ what rhetorical resources are to hegemony, i.e. an instrument functional to achieve purposes of domination, through either persuaded consent (Gramsci, 1971, 1995, 2011) or induced subjectification (Foucault, 1988).

Following this rationale, we can draw a parallel between language and accounting (Evans, 2010), insofar as they both permit the production of narratives and the formation of knowledge (Hines, 1988; Boland, 1989), through the corresponding discursive nature of either words or numbers (Alexander and Stenka, 2013). If we apply this interpretational key to the reading of the national accounts illustrated in Section 5, we can then fairly argue that these calculative practices speak neoliberal language; and, through neoliberal language they construct a rhetoric in a pure logic of commodification, whereby the supply of sexual services and drugs is balanced by its demand.

‘Prostitution is balanced...Supply increases by the value of sales of prostitution, which increase domestic output. HHFCE [Household Final Consumption Expenditure] increases by the value of sales of prostitution, but decreases by the value of intermediate consumption’.

(ONS, p. 6)

‘The activity of reselling imported drugs is balanced: domestic output increases by the value of the margin and imports increase by the value of sales less the margin...Domestic output [from drugs produced domestically] increases by the value of sales and this is the increase in supply; HHFCE increases by the value of sales’

(ONS, p. 6)

Accounting numbers become thereby rhetorical resources in the narrative of national accounts, where the cognition of the outcome of criminal activities is shaped as a contributory value of a country’s prosperity. Prostitution contributes to a country’s prosperity generating the following volume of GDP increase:

‘ $P \times W \times C \times 52$ , where P is the number of prostitutes active in a given year...W is the average charge per client...and C is the average number of clients per week...Volume is extrapolated using the male population aged 16+...We assume that the number of prostitutes has the same pattern through time as the 16+ male population... W... is £55...P... [is] 58,000... C [is] 20, 25 and 30...Prostitutes or their pimps pay the same average rent...we assume that each prostitute spent the equivalent of €125 per year on clothes and €0.50 per client on condoms’.

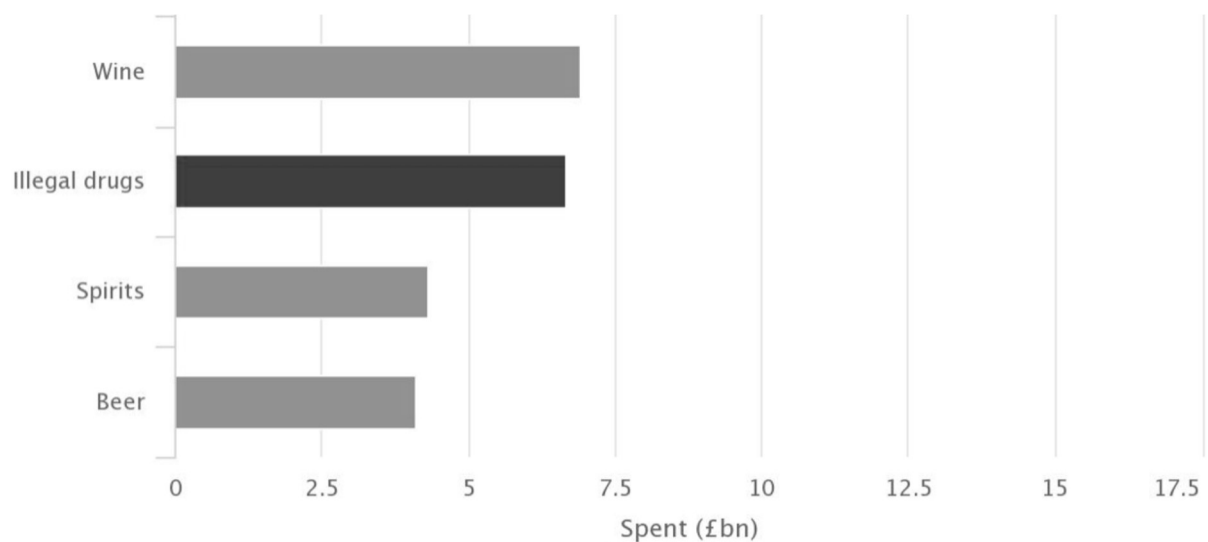
(ONS, pp. 18-19).

Similarly, drug trafficking contributes to GDP by generating the following volume of GDP increase, computed per type of drugs (cannabis, cocaine, heroin, extasy, amphetamines, etc.):

‘Number of Users...x Average Amount Consumed Per Person Purity Adjusted...[x] Current Price...One assumption is that users buy the same amount of pure (uncut) drugs no matter what the purity of the cut product they actually buy is. If the purity halves, twice the amount will be bought. With perfect information and perfect demand elasticity to price, this is what should happen (and the price should halve) ... the appropriate index is  $(I_U \times I_{PRS})/I_{PYS}$  where  $I_U$  is the index of the number of users,  $I_{PRS}$  is the index of the street price (of the uncut drug) and  $I_{PYS}$  is the index of the purity of drugs sold (on the street) ... We believe that...is more appropriate, as it fits better with the intuitively reasonable assumption that utility from using cut drugs varies proportionally with the psychoactive content. This creates a time-series of sales for each drug (ONS, pp. 9 and 15).

Corroborated by the authoritativeness of calculative practices, this understanding of the outcome of illicit drug production, drug trafficking, and prostitution, reverberates also in the annual financial reports of national accounts.

**Table 7 – Contribution of illegal drugs to the economy**



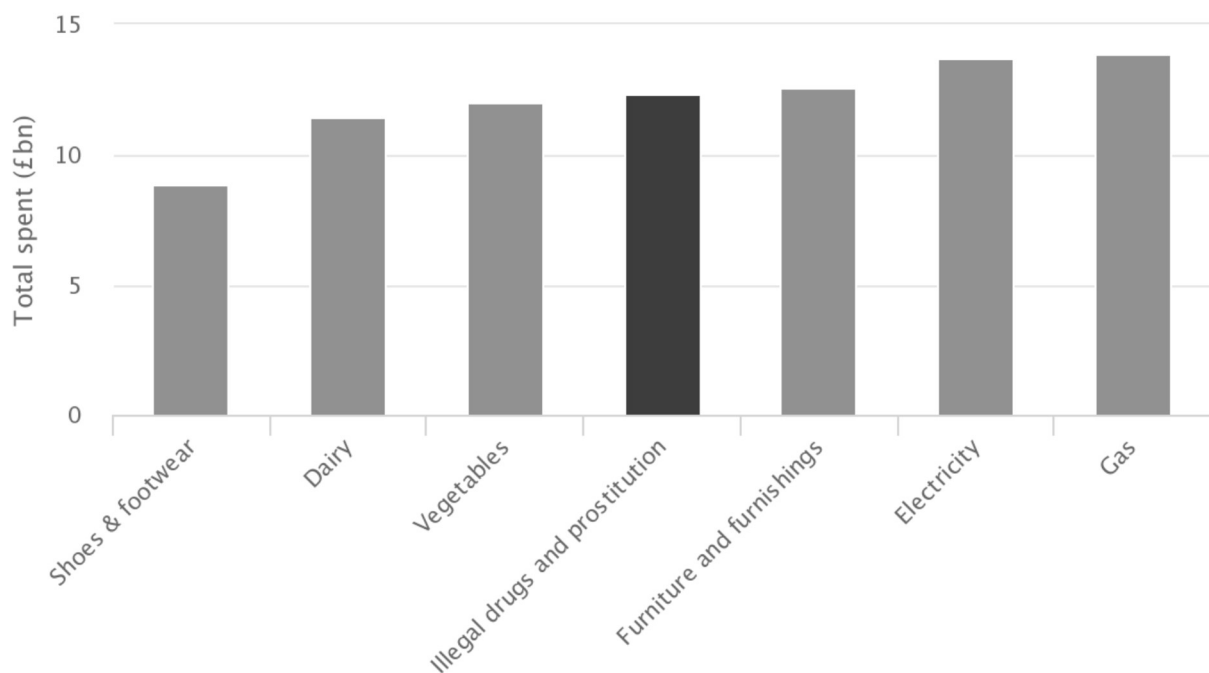
Source: ONS in Waterfield (2014)

These examples visually reinforce the cognition of these activities as a contribution to a country's prosperity, like any other type of industry. For instance, in relation to the UK, Waterfield (2014) outlines the following:

'illegal drugs and prostitution are worth 0.7 per cent of British national wealth, which is roughly the same proportion as agriculture, gambling and accommodation services which includes hotels, bed and breakfasts and caravan parks. They are worth more than advertising, which is 0.5% of GDP, and double the contribution of real estate activities, at 0.35%'.  
Waterfield (2014)

The table below, based on the data reported by the ONS in May 2014, and tabulated in Waterfield (2014), reveals that prostitution accounts for £5.3 billion, whilst illegal drugs are worth £4.4bn. This makes the contribution of illegal narcotics to the GDP more significant than beer, and the joint contribution of prostitution and drugs higher than the GDP expenditure in dairy products, shoes and footwear, or vegetables, and almost as big as furniture and furnishings.

**Table 8 – Combined contribution of illegal drugs and prostitution to the economy**



Source: ONS in Waterfield (2014)

It follows that for a government adopting this policy, the higher the number of prostitutes and customers aged 16+, and the higher the amounts of sexual acts sold per prostitute, the higher the volume of GDP increase. Similarly, the higher number of pushers and drug addicts of any age, and the higher the level of their addiction expressed by the level of psychoactive substance intake per drug addict, the higher the volume of GDP increase.

The rhetoric of these calculative practices, and numerical discourses, resonates with the logic of neoliberal ‘governmentality’, insofar as it conditions the cognition of these activities within a panoptic logic of commodification of human weaknesses, addictions, and sexuality in a rational logic of accounting for balancing supply and demand of sex and drugs between prostitutes and clients, pushers and addicts. Thereby, determining the corresponding increase of capital.

This act produces the axiological displacement of the concept of criminality from the space of ethics into the orbit of economic rationality, where it gets transfigured into a contributing value to a country’s prosperity in the form of a GDP increase. This ‘inverts the Judaeo-Christian ethical tradition’ (Whitehead and Crawshaw, 2014, p. 24), according to which the value of increase in a country’s prosperity should be inextricably connected to the increased capacity of the state to translate it in higher social equity, justice, and welfare for its citizens, and cannot be reduced to a mere increase in capital accumulation (Žižek, 2009; Stiglitz, 2010).

## 7. GENERAL REMARKS FROM A SOCIAL CONSTRUCTIVISM VIEWPOINT

The power of GDP (and GDP per capita) resides in the fact that it is still recognised as an expression of a country’s prosperity, well-being, and standard of living by academia, media, national governments, and international institutions such as the EU, the WB, the IMF. The calculative

practices adopted for the computation of GDP are presumed to be neutral and objective. 'Accountants often see themselves as engaged in an objective, value-free, technical enterprise, representing reality as is' (Morgan, 1988, p.477). However, the analysis of the numerical discourses, reported in national annual accounts, confirms the view that 'in communicating reality, we construct reality' (Hines, 1988). In the context of this policy, the cognition of the outcome of crime trespasses the frontiers of ethics and infiltrates into the neoliberal land of commodification of everything and anything, whereby the only purpose (devoid of any ethical connotations) is the increase in capital accumulation.

'GDP is primarily designed to measure economic activity, making no judgement on whether the activity is seen as "good" - for example building a school or hospital - or "bad" - for example selling...products that are harmful to health or to the environment'.

(OECD, 2015 p. 13)

The criticism here is not directed to the policy of "accounting for crime" per se. Calculative methodologies bear no axiological connotation in themselves, but only in the use that is made of them. In this sense, we take a critical stance on the way these are currently been configured and deployed. Gaining leverage from the 'accounting aura of neutrality and objectivity' (Funnel, 1988, p. 438), they portray the outcome of illicit drug production, trafficking, and prostitution as a contributory value to a country's prosperity, well-being, and standard of living. This does not mirror reality, it transforms it.

In this setting accounting plays a pivotal role in the transfiguration of the outcome of crime due to its aptitude for creating visibilities as well as invisibilities (Sawabe, 2002). In particular, as Sawabe puts it, 'invisibility could be created only when there has been visibility in the same locus of attention' (Sawabe, 2002, p. 419). In the context of this policy, this means that the assumption that these activities contribute to a country's prosperity can only appear true, insofar as "accounting for crime" gives visibility to the revenues of criminal activities, whilst relegating the corresponding social costs to the realm of invisibility. This is despite the staggering amount of literature which documents that these activities have extremely high social costs (Brand and Price, 2000; Godfrey, et al., 2002; Dubourg et al., 2005; Feingold, 2010). For instance, earlier studies document that illicit drugs' supply is associated with a substantial amount of drug-related offences, as well as health costs (Godfrey, et al., 2004; MacDonald et al., 2005; Gordon et al., 2006), and drug-related deaths, impacting on the entire social texture, and harming individuals, families, and communities, both physically, emotionally and economically (MacDonald et al., 2005; Mills et al., 2013). The literature documents several forms of drug-induced delinquencies, such as economic-compulsive crimes (acquisitive crimes, like thefts and burglaries, committed to obtain money, or drugs, to support drug use), psychopharmacological crimes (violent crimes committed under the influence of psychoactive substances), systemic crimes (violent offences and homicides committed to enforce or regulate the business of illicit drug markets), drug-law offences, drug possession, and supply offences committed against drug legislation (EMCDDA, 2007).

Similarly, there is evidence that non-coerced adult prostitution is associated with a high degree of social misery for the individuals directly involved in the activity, and the broader community. Both male and female prostitutes exhibit, with disproportionate frequency, difficult human histories which include domestic and school violence, abuses, and rapes during childhood and teenage (Webster et al., 2002), truancy, disrupted schooling and low educational attainment, homelessness or insecure housing, and experience of living in care (Benson and Matthews, 1995), criminal histories related to theft, drugs and alcohol addiction (McKeganey and, 1996; Plant, 1997; Pearce, 2002), financial vulnerability, inability to escape from debt, and correlated inability of supporting

their children (Church et al. 2001), extremely frequent experience of physical violence and sexual assault, most often, but not exclusively from clients (Pearce, 2002; Connell and Hart, 2003; Hester and Westmarland, 2004). Their activities have also an impact on society, broadly, in terms of the spread of sexually and drug transmitted infections, increases in community violence resulting from serious assaults against those involved in prostitution, organised immigration crimes, and human trafficking for the purposes of commercial sexual exploitation, undermining economic regeneration and neighbourhood renewal (HO, 2004).

Furthermore, the literature links both drug production and trafficking, and prostitution with organised crime, resulting in their revenues financing other forms of less detectable and far more reaching criminal events, such as money laundering, corruption, cybercrime, and intellectual property crimes, etc. (NFA, 2012; HO, 2004).

A more appropriate representation of the economic reality of crime might be achieved by accounting for the social costs associated with these activities. In this light the discipline of accounting has much to learn from insurance and jurisprudential practice, whereby codes, guidelines, and calculative practices already exist for quantifying in monetary terms moral and existential damages stemming from illegal conducts (Greene, 1989), ‘placing a price on pain and suffering’ (Geistfeld, 1995), and estimating the monetary value of the priceless, i.e., the human cost of wrongful deaths (Johnson and Flanagan, 1984; Arlen, 1985). Other methodologies also exist for estimating in pecuniary terms the lifetime costs associated with drug abuse (Cohen and Piquero, 2009).

The extant literature about damages from drugs and prostitution which we summarised above, already provide relevant data which may be interpolated into the current datasets of “accounting for crime”, illustrated in Section 5. This data could be then converted in monetary terms with the methodologies for the estimation of the economic value of moral and existential damages, pain and suffering, wrongful deaths, and lifetime costs associated with drug abuse. These economic values might then be deducted from the estimated monetary value of the revenues from unlawful drug trafficking, and prostitution.

It is possible (if not probable) that the monetary value of the social costs of crime outweighs or offsets the value of increase determined by the commodification of sex and drugs in national accounts. This might change or reverse the current understanding of the outcome of criminal activities as a contributory value of a country’s prosperity. This further confirms that the value of an increase in GDP, determined by the outcome of crime does not exist per se, as an ontological reality, but is created through the mediation of accounting practice. In other words, accounting allows the reification of numbers, making them appear like photographs of external facts, and perceived as if they were ‘superior in objective reality than mere words’ (Hansen and Muhlen-Schulte, 2012, p. 1, quoting Starr; Lehman et al. 2018 p. 66). However, this ‘social (and economic) reality does not exist independently of our collective representations of it’, because ‘the objects of accounting are part of an economic reality that is socially (i.e. intersubjectively) constructed and objectified by virtue of collective intentionality’ (Alexander and Archer, 2003, p. 6).

## 8. CONCLUSION

This paper examined the recent European public accounting reform which introduced controversial calculative practices to account for criminal activities as a routine part of a country’s economic wealth. Namely, accounting for unlawful drug production and drug trafficking, and accounting for prostitution. This paper conducted a semantic and epistemological analysis by focusing, more specifically, on the social construction of the outcome of criminal activities as contributory value



of a country's prosperity, standard of living, and well-being, expressed by the value of increase in a country's GDP.

This construction was firstly analysed at the macro-level, whereby the introduction of this policy works as a hegemonic project. Thereby, creating a discourse which combines together the 'nodes of interests' (Laclau and Mouffe, 1985) of different 'historical blocs' (Gramsci, 2011) in such a manner that implementing this policy 'makes sense either in factual or in principled terms, or both – it corresponds to reality, it is the best achievable one, it is right and beneficial to everybody' (Pellizzoni and Ylönen, 2012, p. 3; Gramsci, 1971, 1995, 2011).

This policy was then examined at the micro level, whereby it functions as a system of 'governmentality' for the use it makes of calculative practices (and financial reports) as a dispositive of 'conduct of conducts' (Foucault, 2008). Thereby, producing a discourse which conditions the cognition of the outcome of these criminal activities within a panoptic logic of economic rationality (Hamann, 2009). This produces the axiological displacement of the concept of criminality from the space of ethics and justice into the orbit of economics, and capital accumulation. Thereby, confirming the 'political dimension of accounting technology' (Sawabe, 2002, p. 418).

In this light, this study contributes to the field of literature on accounting and ideology, and more specifically to its sub-stream of social-constructivist literature which studies the role of accounting within neoliberalism. Former literature used different conceptualisations of neoliberalism such as hegemonic project, governmentality, policy or program, and discourse (see for instance, Armstrong, 1994; Chapman et al., 2009; Hoskin, 1994; Walker, 2008, 2010; Chiapello, 2017; Lehman et al. 2018). These conceptualisations were frequently seen and used as separated frameworks (at times having some overlaps one with the other). Our specific focus on the role of the neoliberal ideology in shaping the social construction of the outcome of crime as a contributory value of a country's prosperity, enriches this stream of extant literature. This study built a methodological approach drawing on recent sociological studies (Springer, 2012; Pellizzoni and Ylönen 2012; Joseph, 2014; and Kreps, 2016). These suggest that neoliberalism's effects on society can be understood more comprehensively by applying a cross-theoretical analysis (Larner, 2003; Ward and England, 2007, and Jessop, 2007) to explain neoliberalism as a circuitous discursive process (Springer, 2012). In this manner our analysis of "accounting for crime in national accounts" shows how neoliberalism flows and functions across these different realms, as 'both an "out there" and "in here" phenomenon whose effects are necessarily variegated and uneven' (Peck and Tickell, 2002, p. 383).

In particular, in the context of this investigation, this study emphasised the centrality of accounting practice, as a fundamental apparatus of neoliberalism. Accounting allowed an extension of calculative methodologies to the commodification of human weaknesses, addictions, and sexuality in a rational process of accounting practice for balancing the supply and demand of sex and drugs, between prostitutes and clients, pushers and addicts. In this light, this paper captured its role as a cognitive apparatus for the formation of knowledge 'aimed to extend the rationality of the market, the schemes of analysis it offers and the decision-making criteria it suggests, to domains which are not exclusively or not primarily economic' (Foucault, 2007, p. 323). This process of commodification, and numerical transfiguration of the outcome of crime, is essential to the reification of this partisan representation of outcome of crime within the discourses of political institutions. These discourses attribute to the numbers illustrated therein qualities of neutrality and objectivity, and confer upon the numbers a veneer of ontological existence outside the mediation of accounting. In this manner, they further validate and legitimise the adoption of this public policy

itself in a circuitous process of social construction and transformation across these multiple dimensions (Springer, 2012). Hence, demonstrating that the effects of neoliberalism on society cannot be fully comprehended within a single theoretical cluster, but they are better understood, studied, and explained as a circuitous discursive process of social transformation and reconstruction of reality which flows crosswise the many facets of its polyhedrality.

This analysis offers an understanding of the way Gramscian hegemony and Foucauldian ‘governmentality’ intersect each other, insofar as they both ‘stress the role of political rationalities in providing cognitive and normative maps that allow political actors to develop strategies for realizing goals’ (Pellizzoni and Ylönen, 2012, p. 4). Following this rationale, we can draw a parallel between language and accounting (Evans, 2010), insofar as they both permit the production of narratives and the creation of reality (Hines, 1988; Boland, 1989), through the corresponding discursive nature of either words or numbers (Alexander and Stenka, 2013). In this sense, calculative practices are to ‘governmentality’ what rhetorical resources are to hegemony, i.e. a functional instrument to achieve the purpose of domination, through either persuaded consent (Gramsci, 1971, 1995, 2011) or induced subjectification (Foucault, 1988). This means that the macro-level function of the policy, i.e. the fulfilment of the interests of the ‘historical blocs’ in increasing the value of their GDP, could not be achieved if the micro-level function of the policy were not achieved. The micro-level function of the policy consists in socially reconstructing the outcome of crime according to neoliberal principles, conditioning its understanding within a commodified logic of accounting practice to balance supply and demand. This, in turn, transfigures our rational cognition of crime into a contributory value of a country’s prosperity. In this manner, reconstructed as a neutral “commodity” devoid of any ethical connotations, and as a value of an increase in GDP, the outcome of crime can be used for accomplishing the macro-level function of the policy, i.e. the fulfilment of the partisan interests of the ‘historical blocs’.

In this light this study also contributes to the stream of literature on accounting and crime, and more specifically to its sub-stream of social-constructivist accounting literature which studies the role of accounting in relation to the social construction of crime. Former social-constructivist studies provided evidence of the way accounting is used to change the perception of crime in society to allow crime management through crime statistics which are ‘underreported in some decades and highlighted in others, to assure the public safety (in the former) or to shock them (in the later)’ (Lehman and Okcabol, 2005, p. 615). Other studies have demonstrated how accounting was used to reconstruct crime in a manner suitable to maintain or operationalise race and class discriminations (Lehman, 2018), resulting in the criminalisation of poverty (O’Neil, 2016, p. 91). Our study enriches the former literature by shedding light on a new and controversial use of “accounting for crime”. In the case object of our examination we reveal how accounting is used in the context of national accounts to permit the social reconstruction of crime as a contributory value of a country’s prosperity in the form of the value of increase in a country’s GDP. This, in turn, is aimed at the fulfilment of the economic and political interests of specific ‘historical blocs’ (Gramsci, 1971, 1995, 2011). This further confirms the stance of this paper that ‘power operates as a field of knowledge serving some purpose’ (Peck, 2010; Springer, 2012, p. 134), and ‘knowledge is for someone...and any notion of disinterested objectivity is illusory’ (Cox, 2002; Springer, 2012, p. 134).

These findings lead us to conclude that the current configuration of the policy of “accounting for crime in national accounts” does not mirror reality, it transforms it (Chua, 1986; Hines, 1988; Boland, 1989; Young, 2003; Chapman et al., 2009). In other words, ‘the effects of the conventions’ incorporated in this “accounting for crime” policy fulfil the epistemological functions of ‘framing and education’, and ‘construction of the world’: They describe the outcome of crime ‘from a

specific standpoint' and teach users to see crime 'from that perspective', bringing into existence the outcome of crime as a contributory value of a country's prosperity which 'would not exist without them' (Chiapello, 2017, p. 57).

There are important issues which flow from these observations for policy-makers and researchers. For policy-makers there is the need for a more open discussion on whether the computation of GDP, as it has been reformed, still plays a reasonable role in policies which shape the lives of citizens. The level of cognizance within the electorate is unlikely to be high. On a controversial matter such as this, there has been a strange vacuum of accountability, with little scrutiny by parliamentary committees, by expert groups or the media. This means that the level of awareness amongst citizens is likely to be blissful ignorance.

For researchers, there is a significant issue of (lack of) research impact. Critiques of dubious accounting practices within the accounting literature have not translated into cautionary advice for government accountants who practise these dark arts. We argue that this "accounting for crime" policy is configured in such a manner that, whilst it explicitly brings to the light the revenues stemming from these illegal activities, it does not give the same prominence to their corresponding social costs. This reduces the public's awareness of the impact of crime on a country's prosperity, standard of living, and well-being. Thereby, reifying its economic representation as a contributory value, and making it substantially incontestable. This, in turn, leads to inherent conflicts of interests between the role of the political elite as the guarantor of the rule of law of a country, and the political and economic stakes of the leading class in the growth of GDP. Therefore, on the one side they would be committed to the improvement of their country's economic growth expressed by its GDP, and on the other they would be dedicated to its reduction through the enforcement of criminal laws aimed at prohibiting or dismantling a key driver of its development (criminal activities). As we have seen in section 6, the way this conflict plays out depends on the 'historical blocs' of interests which are formed at a specific period of time (Gramsci, 1971, 1995, 2011).

For instance, this type of paradox occurred in the case of the neoliberal government of Victor Paz Estenssoro. 'His government was full of ambiguities. With one hand, the government signed a program with the USA, thereby agreeing on the eradication of coca plantations (Which at that time received more investment than national agricultural development). With the other hand, the same government decreed the free purchase of foreign currency, regardless of its origin, which in practice allowed the laundering of narco-dollars without control. In this way, the drug money could then act as funding to the neoliberal policy regime, which, again, had the support to pressure the government of USA' (Hardinghaus, 1989, p. 100). These contradictions confirm that 'contrary to much of the positivist research, accounting is not solely an instrument' (Funnel, 1998, p. 460). 'Accounting reports are not collections of impotent facts that implode upon themselves. Rather, the information they convey sets up waves of consequence that radiate from the reports in a manner similar to the effect produced when a stone is thrown into a still pond. Even those at a great distance from the initial impact of an accounting report may have cause to regret its effects' (Funnel, 1998, p. 442).

The section above advocated possible amendments, which may control the conceivable side effects of the current configuration of "accounting for crime". These imply integrating the methodologies of "accounting for crime in national accounts" with the corresponding methodologies for estimating the social costs of criminal activities. This could be achieved by interpolating the statistical data on the effects of these activities (illustrated in Section 7) into the current datasets of the "accounting for crime" policy (reported in Section 5), and by employing the calculative practices for the estimation of the economic value of moral and existential damages, pain and suffering, and

wrongful deaths caused from these criminal activities, and the lifetime costs associated with drug abuse. These are already effectively implemented in insurance and jurisprudential practice (Johnson and Flanigan, 1984; Arlen, 1985; Geistfeld, 1995; Cohen and Piquero, 2009). Alternative options could be the creation of a grading system which is able to capture the degree to which a country's GDP depends on contributions from activities which are harmful to society, or a two-tier accounting system with and without these illegal activities.

Based on the overall findings illustrated above, and on the awareness that 'economic reality...is socially (i.e. intersubjectively) constructed and objectified by virtue of collective intentionality' (Alexander and Archer, 2003, p. 6), we recognise that 'as social scientists, accounting researchers deal with intangible and artefactual phenomena' (Bisman, 2010. p.15). They should therefore dismiss, together with policy-makers, the false pretence of dealing with a GDP created by 'accountants engaged in an objective, value-free, technical enterprise, representing reality as is' (Morgan, 1988, p. 477), and engage in a more fruitful collaboration aimed at the creation of a new social dimension of GDP's metrics. A measure of a country's prosperity, which is not reduced to a mere increase of capital accumulation, but is also inextricably connected with the capacity of a state to translate economic growth into higher social equity, justice, and welfare for its citizens. Therefore, determining a more human expression of the standard of living and well-being of a nation (Žižek, 2009; Stiglitz, 2010).

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